GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:859
ANSWERED ON:03.12.2015
Performance of Air India
Lekhi Smt. Meenakashi

Will the Minister of CIVIL AVIATION be pleased to state:

(a).whether the net losses of Air India reduced to about 12% during the financial year 2014-15, passenger revenue increased by 9.20% and cargo revenue increased by 26% besides substantial improvements in operational and functional performance;

(b).if so, the details thereof; and

(c).the further measures being taken by the Government to make Air India profitable and bring about an overall improvement in its functional and operational performance?

Answer

Minister of State in the Ministry of CIVIL AVIATION
(Dr Mahesh Sharma)

(a) & (b) Air India has posted substantial improvements in the financial and operational performance in the FY 2014-15. The Net Loss(prov) has reduced by 6.68%, Passenger Revenue has increased by 11.61% and Cargo Revenue has increased by 8.36% as compared to the FY 2013-14.

Further, as a result of implementing TAP (Turn Around Plan)the main areas in which the company has made improvements as per the Provisional results of 2014-15 in comparison to 2011-12 are given as under:

(i) Improvement in Operational Performance

-> The Company has shown considerable improvement in the On Time Performance (OTP). The overall Network OTP achieved during 2014-15 is 72.7% as compared to 68.2% in 2011-12.
-> The Passenger Load Factor has improved to 73.7% in 2014-15 from the Passenger Load Factor of 67.9% in 2011-12.
-> The Network Yield achieved is Rs 4.39/RPKM in 2014-15 as against Rs 3.74/RPKM in 2011-12.
-> The number of Revenue Pax has increased from 13.40 Million in 2011-12 to 16.88 Million in 2014-15.

(ii) Improvements in Financial Performance

-> The Operating Loss has consistently reduced since merger and in 2014-15 the same stands at Rs 2636.19 crores as compared to Rs.5138.69 crores in 2011-12.
-> As per 2014-15 the Net Loss is Rs.5859.91 crores as against the loss of Rs.7559.74 crores in 2011-12 i.e. a reduction by 22.5%.
-> The Company has turned EBIDTA positive by Rs 337.77 crores as against the negative EBIDTA of Rs 2236.95 crores in 2011-12.
-> Total Revenue increased from Rs 14713.81 crores in 2011-12 to Rs 20606.27 crores in 2014-15 i.e. by Rs.5892.46 crores viz by 40.1% as compared to levels of 2011-12.
The Company has also achieved most of the Targets set out in the TAP Milestones.

(c) Post the merger of Indian Airlines and Air India Ltd, the merged entity i.e. Air India Ltd was running into continuous losses and had liquidity problems. In view of the losses suffered by Air India upto 2010- 11 and its mounting debt burden, the CCEA in its meeting held on 12.04.2012, approved a Turnaround Plan(TAP)/ Financial Restructuring Plan(FRP) for operational and financial turnaround of Air India. The TAP/FRP provides equity infusion by the government of Rs 30231 crores upto 2021 subject to achievement of certain financial and operational parameters as laid down in the TAP/FRP.

Further in compliance with the CCEA approval, an Oversight Committee has been set up under the Chairmanship of Secretary, Ministry of Civil Aviation with Expenditure Secretary, Additional Secretary and Financial Advisor, Ministry of Civil Aviation, Joint Secretary of Ministry of Civil Aviation and SBI Caps as members, to monitor the Operational and Financial Performance of Air India. Regular meetings of the Oversight Committee are held every three months. So far, 12 meetings of Oversight Committee have been held.

As a part of the TAP/FRP, AI has initiated, inter-alia, the following steps in order to cut costs:
i. Rationalisation of Loss making Routes
ii. Induction of brand new aircraft on several domestic & international routes to increase passenger appeal
iii. Phasing out & grounding of old fleet
iv. Establishment of Integrated Operations Control Centre and Hub Control Centre in Delhi
v. Freezing of employment in non-operational areas
vi. Fuel Efficiency and Gap analysis conducted with the help of International Air Transport Association (IATA) and all the

recommendations of IATA are being implemented resulting in substantial savings on fuel. Critical analysis of fuel consumption on all flights by setting up a Fuel Council and Fuel Manager

vii.Closure of overseas offline offices at certain locations

viii.Upgradation of IT infrastructure & Implementation of Quick Win IT solutions.